

■ Agenda

■  The growing focus on Energy

■  Possible impacts on charities

■  Carbon Assessor

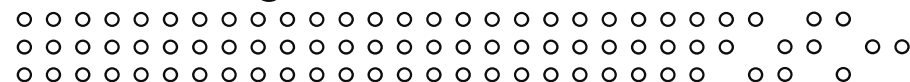
■  An energy and tax friendly approach to buildings

■  Reducing sustainability risk



■ The growing focus on energy

- ○ EPCs & DECAs introduced in 2008
- Carbon Reduction Commitment (CRC) starts this year
- Energy prices set to rise post-recession
- Many charitable users may find it difficult to limit energy use e.g. residential care
- Forward thinking is needed to protect reputations and exit strategies



■ Possible impact on the charities sector

- ○ Carbon Reduction Commitment threshold likely to be reduced over time to bring in a wider range of organisations
- Potential double impact of rising energy costs and CRC Carbon Allowances
- If energy becomes a significant cost – then EPC & DEC ratings will start to matter
- Wider implementation of Display Energy Certificates is likely with a growing effect on public sentiment over time
- Cut price EPCs can be problematic – the “default” rating



■ Efficiency comes first

- ○ The first priority for any organisation has to be the reduction of energy wastage
- More efficient use should produce the cost savings that can then be allocated to buildings improvements
- The further savings achieved by buildings upgrades then produces the funds to spend on renewable energy add-ons
- Using scarce capital on renewable energy options without first improving building efficiency is likely to be shown up over time as a poor strategy



■ Keeping energy in focus

- ○ Any buildings expenditure on maintenance or improvements should be considered and energy friendly
- Quick wins include: better controls & programming, low energy lighting, PIRs,
- Operational reviews often uncover potential savings - has anyone ever read the boiler manual?
- A strategy for better efficiency requires buy-in from staff
- Groups can run an internal energy performance league



Davis Langdon Carbon Assessor

Carbon Assessor enables you to record the carbon emissions of all your buildings and plan for year on year reductions.

[Forgotten your password?](#)
 Don't have an account yet? [Register for your FREE trial now!](#)

Features Include:

- ◆ Building Manager and Portfolio Manager access
- ◆ Easy entry of all data on a common platform
- ◆ Access your data anywhere using web-based technology
- ◆ Standard and bespoke reporting formats to suit your specific requirements.
- ◆ Build up your carbon emissions record for the CRC Energy Reduction Scheme*
- ◆ Automatically produce your Carbon Trust spreadsheet*
- ◆ Provide evidence pack to DECC*

Register your organisation for your FREE 30 day trial and start planning your carbon reductions now!

Select your country 

* Available to UK users only



Tailor your results to suit your organization by using custom data filters

Davis Langdon  Carbon Assessor

Training



A flexible range of training sessions on the Carbon Assessor application are available

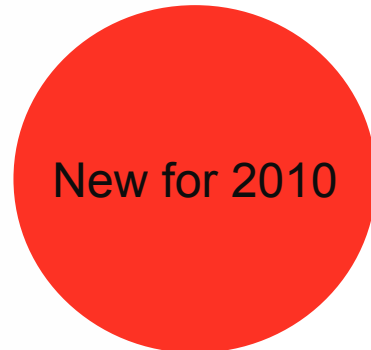
[Learn more »](#)

Support



The Carbon Assessor has an extensive help section, however, should you require additional support, this can be obtained by purchasing support credits.

[Learn more »](#)



■ Carbon Assessor

- ○ Davis Langdon's new Carbon Assessor software just launched
 - Provides performance comparison to identify inefficient buildings
- A D-I-Y low cost platform for energy data gathering
 - Creates a start point for planning emissions reductions over time
- Allows building managers to log their usage data
 - Data outputs can be used for desktop Display Energy Certificates
- Provides CRC compliance information and calculates Carbon Allowances
 - Assists in achieving Carbon Trust Standard



■ Planned refurbishments

- ○ Where no Energy Performance Certificate exists – a base assessment can be made and alternative specification solutions can be run through the EPC software to optimise improvements

- Ideal specification can be costed and then balanced against:
 - Cost savings in lower energy use
 - Fewer Carbon Allowances needed
 - Tax relief savings (if appropriate)

- Energy improvements have a diminishing curve – don't overspend !

- N.B. Carbon Trust loans (charities do qualify) up to £100,000 over 4 years at 0% interest for energy saving improvements



■ What Capital Allowances offer to taxpaying entities

THEN.....

- Tax Relief – used to be the icing on the cake
- Able to build/develop without the need for fiscal incentives

NOW.....

- Tax relief can boost viability of improvements
- Improves funding proposals and return on capital

Tax relief system revised in 2008 –

- Now a growing emphasis on sustainability
- Efficient Plant & Machinery now incentivised
- A growing range of improvements now allowable



■ Tax relief opportunities

- Property Purchase
- Refurbishment
- New Build

All property expenditure has tax saving opportunities.....



- Refurbishment **50% to 75%** of budget tax-relieved
- New Build – up to **35%** of construction cost at a tax rate of 28% = **10% saving** over time



■ What attracts tax relief?

- Integral Features

- Written down at 10% per annum

- Heating & cooling
- Hot & cold water
- Electrical systems
- Lifts & escalators

- General Plant

- 20% per annum (40% in year 1)

- Fitted furniture
- Kitchens and bathrooms
- CCTV and alarms
- Up to 240 categories

N.B. Annual Investment Allowance for Plant & Machinery

- increased to £100,000 in 2010 Budget



■ Green tax relief angles

■ ○ Enhanced Capital Allowances (ECAs) for low carbon/energy saving equipment:

- 100% first year allowance
- Applies mainly to heating, cooling and water technologies
- Helps optimise running costs
- Reduces sustainability risk

○ Even if you are not a taxpayer the ECA scheme is a good place to start to locate the most efficient kit

○ If it is Carbon Trust approved, then it will highly efficient and will therefore mean lower running costs

○ M&E consultants should be asked to consider the opportunity to use ECA qualifying items

○ Additional cost may be repaid by the energy savings



■ Qualifying ECA technologies

Air-to-air energy recovery
Automatic monitoring and targeting (AMT)
Boiler equipment
Combined heat and power (CHP)
Compact heat exchangers
Compressed air equipment
Warm air and radiant heaters
Heat pumps for space heating
Heating ventilation and air conditioning zone controls
Lighting
Motors and drives
Pipework insulation
Refrigeration equipment
Solar thermal systems

Cleaning in place equipment
Efficient showers
Efficient taps
Efficient toilets
Efficient washing machines
Flow controllers
Leakage detection equipment
Meters and monitoring equipment
Rainwater harvesting equipment
Small scale slurry and sludge dewatering equipment
Vehicle wash water reclaim units
Water efficient industrial cleaning equipment
Water management equipment for mechanical seals
Efficient membrane filtration systems



■ Tax relief and new developments

- ○ If you considering a new build but will not be able to use the tax reliefs – a joint venture may be a solution to consider
- The investor pays for the building and therefore owns the entitlement to claim the Capital Allowances reducing the total project cost
- The charity takes a leasehold interest with the rental set to reflect a fair return on the post-tax relief investment value



INDICATIVE ILLUSTRATION OF CASHFLOW BENEFITS OF CAPITAL ALLOWANCES CLAIM

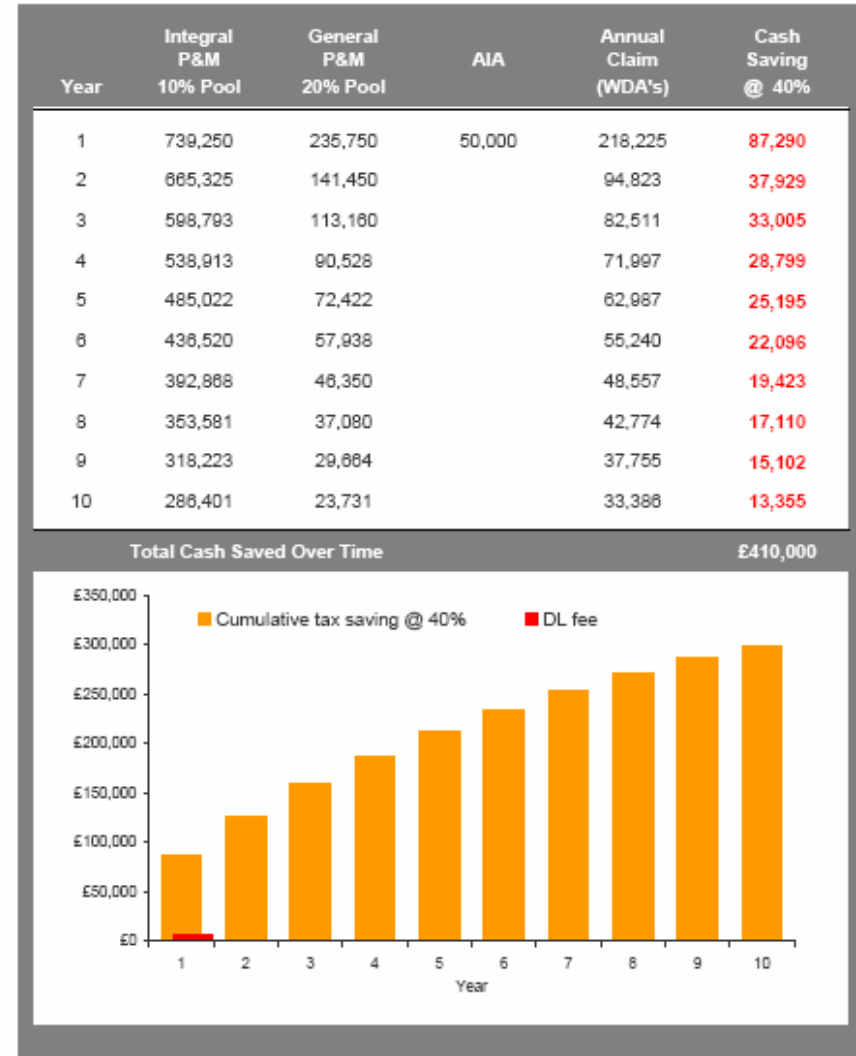
Drs Pinder, Wilson, Brownlow, & Robinson

Refurbishment and extension of Granary House Surgery, Epsom, Surrey

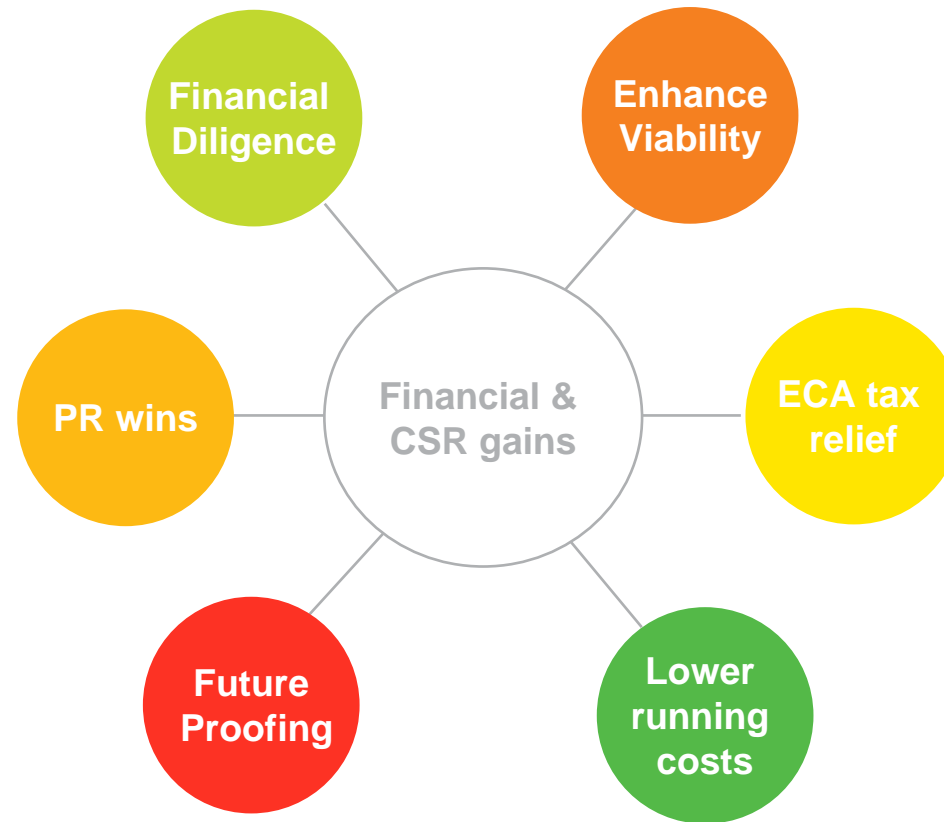
Expenditure considered	£2,046,000			
			Mid-Range	
Integral Plant and Machinery (10% WDAs)	£731,500	to	£847,000	£789,250
General Plant & Machinery (20% WDAs)	£218,500	to	£253,000	£235,750
For the purposes of the illustration, mid-range figures have been used.				£1,025,000
Tax Rate Used	40%			
P&M Fee Proposal	0.75%		£7,688	
Estimated Total Fee			£7,688	
Fee on Presentation of Report	80%		£6,150	
Fee on Agreement of Claim	20%		£1,538	

NOTES

1. The information used to compile this forecast is of an outline nature and therefore no express warranty can be given on the availability of Allowances
2. Timing of fees likely over two financial years
3. Allowances go beyond year 10 in totals shown above
4. Illustration excludes VAT and any first year Enhanced Capital Allowances
5. A First Year Allowance of 40% has been used on the General P&M Pool
6. AIA - Annual Investment Allowance



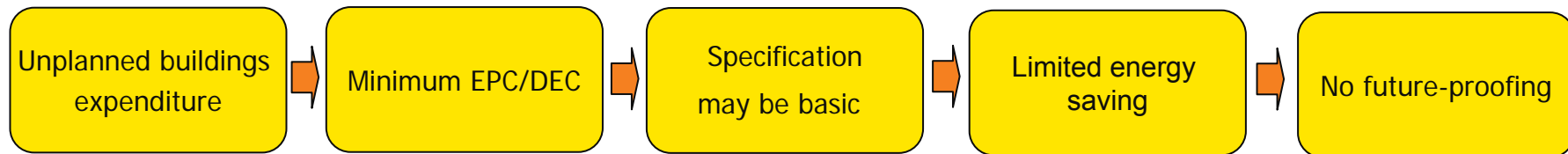
■ What an energy/tax friendly approach can do



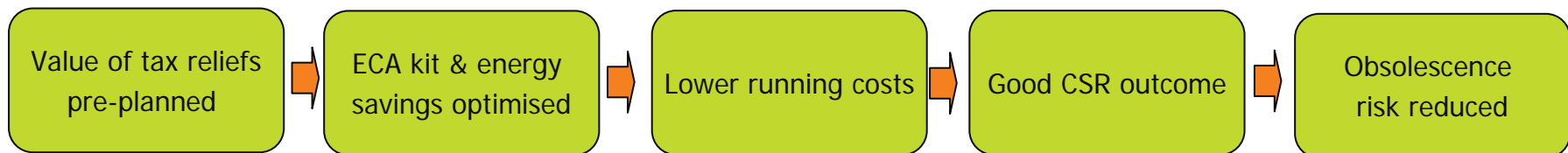
■ Reducing sustainability risk to value and CSR



A. Buildings expenditure with no energy or tax relief awareness



B. Buildings expenditure with energy and tax relief planning



▶ Thank you for listening

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